

R E M A R K S

It is noted with great appreciation that the Examiner has allowed Claims 3, 4, 5/3 and 5/4/3.

Claim 3 has been amended to overcome the corresponding objection.

Claims 1-2, 5/2/1 and 5/1 stand rejected under 35 USC 102 as being anticipated by Okada et al.

Previously, the Applicant respectfully pointed out that the claims recite features not anticipated by Okada et al. In particular, such features "defining a reserve of bits (ROBC) indicating a number of bits used for coding each frame is either greater or less than a predetermined number", as recited in Claim 1.

In making the above point, the Applicant made a typographical error in the previous Amendment. On page 6, lines 7-8, of the previous Amendment, it was stated "Based on the above disclosure, it was evident that Okada et al. does disclose defining a reserve of bits...". However, this was a typographical error. The Applicant intended to state that Okada et al. does not disclose. In order to reiterate this point, please consider the following.

In column 23, lines 34-45, Okada et al. discloses:

"(I) When the ratios of the quantization step sizes  $Q \cdot I$ ,  $Q \cdot P$ , and  $Q \cdot B$  of the I, P1, P2 and B picture are set according to the following

equation (3), high coding efficiency is ensured, and no deterioration in picture quality occurs:

$$Q \cdot I : Q \cdot P : Q \cdot B = 1 : \alpha Q_0 : \alpha Q \quad (3)$$

where  $\alpha Q_0$  and  $\alpha Q$  are constants. The ratio of the amounts of bits allocated to the respective pictures is updated such that the ratio of the quantization step sizes coincide with the ratio defined by equation (3).

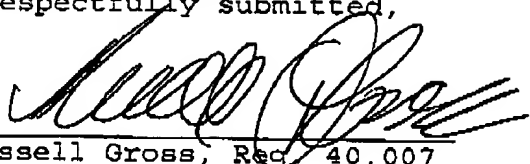
In view of the above disclosure, it is evident that Okada et al. does not disclose "defining a reserve of bits (ROBC) indicating a number of bits used for coding each frame is either greater or less than a predetermined number", as required by the claim. Therefore, it is respectfully submitted that this feature is not anticipated by Okada et al.

Further, it is also respectfully submitted that the subject matter of claims 6-7 is also not anticipated by Okada et al.

In view of the above-described distinctions, it is respectfully submitted that the invention of Claim 1-2 and 6-7 is not anticipated by Okada et al. Therefore, reconsideration of the present rejection is respectfully requested.

The Commissioner is hereby authorized to credit any overpayment or charge any fee (except the issue fee) to Account No. 14-1270.

Respectfully submitted,

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